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C O N F I D E N T I A L CARACAS 003977

SIPDIS

NSC FOR TSHANNON AND CBARTON

E.O. 12958: DECL: 12/02/2014

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SUBJECT: VENEZUELA'S MAGNATE DISCUSSES CHAVEZ AND THE REGION

Classified By: William R. Brownfield, Ambassador,
for Reasons 1.4(b) and (d).

1. (C) SUMMARY. Gustavo Cisneros, who has massive business interests in Venezuela and throughout the Western Hemisphere, believes we should prepare for a more confrontational, long-term approach to Hugo Chavez; we have a lot of work ahead of us to develop a coherent regional containment policy; and the USG should engage more broadly in Latin America. End summary.

2. (C) At his request, Venezuelan magnate Gustavo Cisneros (Cisneros Group, Univision, Venevision, Direct TV, Regional Beer) met with Ambassador evening of December 28. Cisneros planned to meet with the President in early January and wanted to compare notes on Venezuela before the conversation. In light of Cisneros' meeting, his key points are summarized below. Please protect.

Venezuela Internal: Stay Focused; Think Long Term

3. (C) Cisneros believes Chavez came out of the recall referendum stronger than before. We must think of him as a long-term problem. He will be weakened and vulnerable eventually, but not now.

-- There is no political opposition at present. It is completely atomized. USG short-term internal policy should focus on the independent press. Among the newspapers, only "El Nacional" and "El Universal" are reliable opposition supporters. All other print media has caved in to Chavez.

-- USG should pick carefully the issues on which it confronts Chavez. Don't respond to him. Challenge him on issues that he does not want to discuss.

-- We should pay attention, monitor, and collect information on the corrupt activities of Chavez supporters. These are not front burner issues today, but will eventually pay big dividends.

-- Sumate is the most effective opposition NGO in Venezuela today, even after four months of legal intimidation by Chavez. That said, the USG should be careful about funding it. Sumate needs more funding from European sources to protect it from accusations of being a US pawn.

-- The USG should be clear and precise in its criticism of Chavez. Internal opposition and regional governments need to know that they are not tackling Chavez alone.

Venezuela External: Tough Times for Containment

4. (C) Cisneros believes that regional and international containment is the only realistic policy toward Chavez right now. He is not optimistic about massive support. He is convinced that without clear US leadership, there will be no containment whatsoever.

-- Among the Europeans, Spain is the greatest disappointment. The loss of Aznar was fatal. Zapatero not only will not confront Chavez; he is actively courting him and blocking EU efforts to challenge Chavez.

-- The UK and Netherlands are the only Europeans willing to make an effort to take on Chavez. Italy's Berlusconi will engage if the issue is brought to him, but his Foreign Ministry and Embassy in Caracas are adamantly opposed to political engagement.

-- France has a good and tough Ambassador in Caracas, but he cannot deliver his government.

5. (C) The Latin Americans are in full flight:

-- Lula in Brazil is increasingly annoyed and frustrated with Chavez. But he will not risk being outflanked from the left by actively taking him on.

-- Cisneros once thought Chile's Ricardo Lagos had the stomach to stand up to Chavez, but Lagos is now contemplating an early 2005 invitation to Chavez for a state visit. Cisneros suspects Lagos is reinforcing his coalition's left flank in preparation for the 2005 presidential elections.

-- Colombia's Uribe has the biggest problems with Chavez of all the Latin Americans, but Cisneros thinks he will accept a deal with Chavez to give him some stability on the border with Venezuela.

-- Vicente Fox has backed off confrontation with Chavez, probably to avoid giving Lopez Obrador a leftist campaign issue against the PAN in the next presidential elections.

-- Chavez has purchased most of the Caribbean micro-states, as well as the Dominican Republic, with subsidized oil sales.

-- The lack of Latin American leadership on Venezuela makes the selection of the next OAS Secretary General incredibly important. El Salvador's Flores is clearly the candidate most willing to take a firm line on Chavez. Cisneros was also positive on Chile's Insulza. Cisneros found him to be tough and pragmatic. Mexico's Derbez would be a disaster; once clear of Fox's oversight and control, he would lurch to the left.

U.S. Policy in the Region: Time to Re-engage

16. (C) Cisneros closed by assuring that he would urge senior USG officials to re-engage in Latin America. During the three-plus years that we had focused on international terrorism and the Middle East, China had moved visibly into the region. Our relatively passive position gave Hugo Chavez operating room. Cisneros thinks the solution for the U.S. was partly one of resources (i.e.) put more money into Latin American programs) and partly a question of greater USG visibility.

Comment

17. (C) Mr. Cisneros is a man of strong opinions. That said, when he cites the position or opinion of a Latin American or European leader by name, odds are good that he has actually heard it directly from the leader's own mouth.
Brownfield